Textiles Industry *vis-a-vis* global recession

1159. SHRI RUMANDLA RAMACHANDRAIAH: Will the Minister of TEXTILES be pleased to state:

(a) whether textile industry has been severely hit by the downturn in global and domestic economy;

(b) if so, what are the main reasons for the same;

(c) whether the textile industry, which was one of the country's main foreign exchange earners has started picking up by the end of January 2002;

(d) to what extent the textile exports have started picking up; and

(e) what are the other steps being taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI V. DHANANJAY KUMAR): (a) to (c) Yes, Sir. The slowdown of the world economy had an impact on our textile industry. However, of late, the industry has started looking up, as the production of textiles in January 2002 has registered a growth of 9.2% over January 2001.

(d) and (e) According to the latest available information exports of readymade garments in physical terms since January 2002 has shown a 6% increase when compared to exports of January 2001. However, in value terms there has been a decline of 4%. In order to mitigate the adverse affects of the prevailing conditions, Government have taken a number of measures, which include:

- Customs duty has been reduced from 15% to 5% on 159 specified textile and garment machineries. In addition, 12 important items of machineries including shuttleless looms have also been exempted from countervailing duty. A programme has been announced to induct 50,000 shuttleless looms and to modernise 2.5 lakh powerlooms in the decentralised sector by 2004.
- Assistance under Technology Upgradation Fund Scheme (TUFS) providing for a reimbursement of 5% out of interest is available to textile industry for modernisation and

upgradation. In addition, rate of depreciation allowance for machinery under TUFS has been raised to 50%.

Decline in Textile Exports

1160. DR. M.N. DAS: Will the Minister of TEXTILES be pleased to state:

(a) whether it is a fact that during the first half of the current financial year, namely, April to September, there has been a steady decline of Textile Exports as well as of export of Crafts and readymade garments;

(b) whether it is also a fact that the exports of raw cotton, cotton yarn and fabrics have rapidly declined even though the production of textile yarns by indigenous industries remains same as before; and

(c) if so, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI V. DHANANJAY KUMAR) (a) and (b) There is decline in the textile exports during the first half of the current financial year but the percentage decline is much less during the second quarter (5.1%) as compared to the first quarter (22.9%).

(c) The main reason for decline in textile exports are general slowdown in the economies of some of our major trading partners like the US; increased competition from countries like China, Bangladesh; and high production cost, low productivity due to lack of modernisation of textile industry.

Deline in garment exports

1161. SHRI RUMANDLA RAMACHANDRAIAH: Will the Minister of TEXTILES be pleased to state:

(a) whether during April, 2001, the readymade garments exports were US$ 63 million which represent a decline of 13 per cent as compared to the corresponding period of 2000-01;

(b) if so, what are the main reasons for the decline;

(c) which are the major countries or regions that are importing readymade garments from India; and